

# EXECUTIVE COMMITTEE

24<sup>th</sup> June 2014

## QUARTERLY MONITORING OF WRITE OFFS – QUARTER 4 2013/14

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access & Financial Support
Wards Affected	All

### 1. SUMMARY OF PROPOSALS

Members are requested to consider the action taken by Officers with respect to the write off of debts during the Financial Year 2013/14 and to note the profile and/or level of outstanding debt.

### 2. RECOMMENDATIONS

**The Executive is requested to RESOLVE that**

- 1) **subject to any comments, the contents of the report be noted; and**
- 2) **the debt owing in relation to the three cases detailed at Appendix 1 be written off as irrecoverable under the Executive Committee's discretionary powers.**

### 3. KEY ISSUES

3.1. In 2010/11 members approved a revised Write-Off Policy which changed the process for the reporting and approval process for the writing off of debts due to the Council. The revised Policy requires Officers to report to Members the actual level of write offs and the profile of outstanding debt.

3.2. The current bad debts provisions are as follows:

	£000's
Council Tax	252
Housing Revenue Account	576
Sundry Debtors	100
Benefits	<u>206</u>
Total	<u>1,134</u>

3.3 The Executive Committee has discretionary powers to write of any debt deemed as irrecoverable where the policy does not delegate authorisation to Officers. Three such cases are detailed in Appendix 1.

**EXECUTIVE  
COMMITTEE**

**24<sup>th</sup> June 2014**

**Financial Implications**

- 3.4 Details of written off debts during the period for Council Tax, Non Domestic Rates, Sundry Debts, Former Tenant Arrears and Overpaid Housing Benefit are attached at Appendix 2.
- 3.5 A total of £425,386.03 of unrecoverable debt was written off during 2013/14, which is well within the bad debt provision.
- 3.6 An age profile of the outstanding sundry debts and former tenant arrears is attached at Appendix 3.
- 3.7 An analysis of Council Tax and Non Domestic Rates areas is attached at Appendix 4.

**Legal Implications**

- 3.9 There are no legal implications.

**Service / Operational Implications**

- 3.10 No direct implications.

**Customer / Equalities and Diversity Implications**

- 3.11 No direct implications.

**4. RISK MANAGEMENT**

There are no risks identified.

**5. APPENDICES**

Appendix 1 – Discretionary Write off requests

Appendix 2 - Write offs April – March 2014

Appendix 3 - Aged Debt Profile for Sundry Debts and Former Tenant Arrears

Appendix 4 - Council Tax Arrears and Business Rates Arrears as at 31st March 2014.

**6. BACKGROUND PAPERS**

There are no background papers with this report.

**EXECUTIVE  
COMMITTEE**

**24<sup>th</sup> June 2014**

---

**AUTHOR OF REPORT**

Name: Amanda de Warr , Head of Customer Access and Financial Support  
E Mail: [a.dewarr@bromsgroveandredditch.gov.uk](mailto:a.dewarr@bromsgroveandredditch.gov.uk)  
Tel: (01527) 64252 ext 1241

**Discretionary Write off of Irrecoverable Debts**

Case A – Mr A, former tenant

Mr A was a former tenant of Redditch Borough Council; on termination of the tenancy rent on 1<sup>st</sup> October 2012 arrears were £712.30 outstanding. Mr A became a resident of a Care Centre in Birmingham in May 2012 while his son remained in the property until the tenancy ended. Mr A was diagnosed with a terminal illness in May 2012 and lost his mental capacity to maintain his general affairs. The debt accrued as this information was not given to Redditch Borough Council by Mr A's son so the tenancy could not be terminated.

Mr A incurred considerable debt and suffered severe hardship.

There are no viable options for the recovery of the outstanding sum and it is recommended that the Executive exercise their discretion to write off the outstanding balance of £712.30 as irrecoverable

Case B – Mr B, former tenant

Mr B terminated his tenancy on 5<sup>th</sup> September 2011. Mr B left Redditch prior to this date to live with his son as he was suffering from prostate cancer, osteoporosis, osteoarthritis and depression and felt that living with his son would help his situation. Mr B was not intending the move to be permanent when he first left Redditch which is why the debt accrued.

Age UK in another part of the country were acting on behalf of Mr B to provide support to him. Although he was living with family due to other family commitments they could not provide the support needed. Mr B was in receipt of high rate mobility DLA and low rate care. Mr B had applied to Home Choice in the area his family lived but was unable to bid for property as he still had outstanding rent debt with Redditch Borough Council.

The Housing Manager has investigated the cases and has requested that the matter be written off and there are no viable options for the recovery of the outstanding sum.

It is recommended that the Executive exercise their discretion to write off the outstanding balance of £1811.31 as irrecoverable.

Case C – Mrs C, tenant

Mrs C was and continues to be a Redditch Borough Council tenant on full Housing Benefit.

**EXECUTIVE  
COMMITTEE**

**24<sup>th</sup> June 2014**

Mrs C signed for a tenancy of St David's House on 17<sup>th</sup> September 2012 and the tenancy was ended on 29<sup>th</sup> October 2012. Worcestershire NHS were asked to look at Mrs C moving to St David's in October 2012 but were unaware that Mrs C had already signed a tenancy.

Upon investigate it was found the tenancy process was not halted while a formal assessment and best interest decision in line with the Mental Capacity Act 2005 was carried out. At this point it was unclear whether a change of accommodation was the right decision for Mrs C and in fact Mrs C has remained at the original property.

Worcestershire NHS has requested the debt be considered for write off due to the oversight of not halting the tenancy as Mrs C has no capacity in relation to her accommodation needs.

There are no viable options for the recovery of the outstanding sum and it is recommended that the Executive exercise their discretion to write off the outstanding balance of £543.24 as irrecoverable.

**EXECUTIVE  
COMMITTEE**

24<sup>th</sup> June 2014

**Appendix 2**

**Write Offs of Council Tax and Non-Domestic Rates  
April 2013 – March 2014**

<b>Council Tax</b>	<b>01/04/13 - 31/03/14</b>
Gone away	45,466.96
Deceased no funds in estate	2,325.75
Bankruptcy	36,629.92
Uneconomical to pursue	1,435.14
Admin Order/IVA	-40.57
Balance under £5.00	34.57
Other	2,414.24
Credits - unable to refund	-16,930.98
<b>Total</b>	<b>71,334.03</b>

<b>NDR</b>	<b>01/04/13 - 31/03/14</b>
Gone away	28,325.60
Encon	4,265.07
Liquidation/Winding up	155,866.98
Uneconomical to pursue	-1,413.53
Automatic W/O +1p/-1p	-0.01
Credits - unable to refund	-17,911.80
<b>Total</b>	<b>169,132.31</b>

**Write Offs of Sundry Debts April – March 2014**

<b>Reason</b>	<b>01/04/13 – 31/03/14 £</b>
Gone away	13,935.46
Imprisonment	49.85
Liquidation/Bankrupt	3,973.00
Statute Barred	2,107.39
Uneconomical to pursue	33,053.01
Debtor deceased	476.60
<b>Total</b>	<b>53,595.31</b>

REDDITCH BOROUGH COUNCIL

**EXECUTIVE  
COMMITTEE**

24<sup>th</sup> June 2014

**Former Tenant Arrears (HRA) April – March 2014**

<b>Reason</b>	<b>01/04/13 - 31/03/14 £</b>
Gone away	37,249.50
Bankrupt	3,218.46
Statute Barred	5,114.08
Uneconomical to pursue	68,741.34
Tenant deceased	17,001.00
<b>Total</b>	<b>131,324.38</b>

**Write off of Overpaid Housing Benefit – April to March 2014**

<b>Reason</b>	<b>Amount £</b>	<b>Number of cases</b>
Not reasonable to pursue	24,449.88	59
No prospect of recovering	33,016.66	37
Uneconomical to pursue	962.43	27
Compassionate grounds	7,760.81	2
Bankrupt	1,583.93	4
Debt Relief Order	7,809.66	16
Individual Voluntary Arrangement	609.99	1
Deceased	3,090.08	5
Possible Write Back	3,361.52	7
<b>Total</b>	<b>82,644.96</b>	<b>158</b>

**EXECUTIVE  
COMMITTEE**

24<sup>th</sup> June 2014

**Appendix 3**

**Aged Debt profiles for Sundry Debts and Former Tenant  
Arrears – as at 31<sup>st</sup> March 2014**

**Sundry Debts**

<b>Age</b>	<b>Arrears as at 31/08/2013</b>	<b>Arrears as at 31/12/2013</b>	<b>Arrears as at 31/03/2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>
0 - 3 months	786,257	618,070	1,007,476.07
3 - 6 months	191,632	116,544	108,826.57
6 - 12 months	134,740	218,004	215,211.12
12 - 24 months	232,022	219,702	188,204.13
24 months and over	640,277	619,273	651,185.37

**Former Tenants**

<b>Age</b>	<b>Arrears as at 31/08/2013</b>	<b>Arrears as at 31/12/2013</b>	<b>Arrears as at 31/03/2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>
0 - 3 months	37,741	31,845	23,475.72
3 - 6 months	37,060	40,506	29,005.59
6 - 12 months	51,521	67,241	56,990.29
12 - 24 months	58,740	47,186	65,045.34
24 months and over	156,027	149,016	133,081.79



**REDDITCH BOROUGH COUNCIL**

**EXECUTIVE  
COMMITTEE**

24<sup>th</sup> June 2014

**Appendix 4**

**Council Tax Arrears**

<b>Year</b>	<b>Arrears Total as at 31/03/2013</b>	<b>Arrears Total as at 31/12/2013</b>	<b>Arrears Total as at 31/03/2014</b>
1993/94	0	-2	-98
1994/95	0	0	-422
1995/96	0	0	-359
1996/97	583	382	103
1997/98	1,052	1,052	760
1998/99	2,243	2,017	1,632
1999/00	4,972	4,350	3,997
2000/01	9,523	8,397	7,910
2001/02	16,311	13,349	12,515
2002/03	20,924	18,002	17,281
2003/04	33,471	29,969	28,718
2004/05	51,373	45,417	43,045
2005/06	71,654	60,491	59,785
2006/07	115,180	98,279	93,677
2007/08	146,041	128,437	122,513
2008/09	176,534	154,918	149,272
2009/10	206,990	176,806	169,558
2010/11	278,183	234,111	221,028
2011/12	380,751	283,884	263,920
2012/13	832,499	486,716	433,424

**Business Rates Arrears**

<b>Year</b>	<b>Arrears Total as at 31/03/2013</b>	<b>Arrears Total as at 31/12/2013</b>	<b>Arrears Total as at 31/03/2014</b>
2000/01	0	1,000	0
2001/02	125	36	0
2002/03	8,990	8,989	8,990
2003/04	12,449	12,449	12,449
2004/05	18,273	14,417	14,289
2005/06	19,934	18,081	18,081
2006/07	29,643	25,473	20,835
2007/08	75,459	67,721	57,019
2008/09	72,892	64,133	44,765
2009/10	38,599	39,644	23,894
2010/11	108,928	84,736	107,432
2011/12	174,919	117,763	146,073
2012/13	484,696	322,091	322,941